(a) whether Government is aware that Gramin Banks are following the practice of limited provident fund deduction as a result of which Gramin Bank officers are getting less pension that the Central Government and State Government class IV employees; and

(b) whether Government would introduce a new pension scheme for the Gramin Bank employees and also order for full deduction of provident fund?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) and (b) Regional Rural Banks (RRBs) employees and officers are governed under the Employees Provident Fund and Miscellaneous Provisions Act 1952. The superannuation benefits are admissible as per the provisions of this Act. As per this Act, the RRB employees and officers contribute 12% of their Pay and Dearness Allowance to Provident Fund with an equal amount of contribution by the Banks upto a ceiling of Pay and Dearness Allowance of Rs.6500/-. As per the National industrial Tribunal (NIT) award and the recommendations made by the Equation Committee, the employees and officers of RRBs are to be governed under the Employees Provident Fund Act, 1952, until they are exempted from the purview of the Act.

Violation of ECB guidelines

1252. SHRI PRAVEEN RASHTRAPAL: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that some firms dealing in power, communication and infrastructure sectors have violated the External Commercial Borrowings (ECB) guidelines of the Reserve Bank of India (RBI) during the last two years;

(b) if so, the details thereof with names of companies, penalties imposed, etc. by RBI;

(c) whether some big industrial groups involved in violation of ECB guidelines have evolved new mechanism/strategy to bye-pass the pending liability and has approached RBI for ECB approval by their other group or subsidiary companies; and

(d) if so, what steps Government has taken to ensure that such subsidiary or new companies of single-umbrella group do not circumvent the RBI guidelines unless their pending violations are resolved?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA): (a) Yes, Sir.

(b) The details of companies who have violated the ECB guidelines and penalties imposed by RBI thereto are given below.

(1) ***Reliance Infrastructure Ltd. (RIL) (formerly Reliance Energy Ltd.)***

End-use violations have been observed by RBI in the ECBs raised by RIL pertaining to two ECBs for USD 360 million and USD 150 million. The company brought the proceeds raised through the said ECBs to India and kept these invested in debt mutual funds, pending utilization for the declared end-use in gross violation of the extant ECB guidelines.

On an application filed by the company for compounding the end-use violations relating to the ECB of USD 360 million, a compounding order was passed in terms of Foreign Exchange (Compounding Proceedings) Rules, 2000 and a penalty of Rs.124.68 crore was levied. Since RIL did not pay the penalty in accordance with the Rules and the Provisions of FEMA, the violations were referred to the Directorate of Enforcement (DoE) in November 2008 for adjudication.

(2) ***Reliance Natural Resources Ltd. (RNRL)***

RNRL issued FCCB of USD 300 million in October 2006 for the purpose of 'project' under the automatic route. USD 275 million (Rs 1127 crore) were brought to India in May 2007 and were parked in debt mutual funds pending utilization. Subsequently, in Aug 2008, an amount of Rs. 1160 crore (USD 275 million) was invested in a wholly owned subsidiary in Singapore.

Since the alleged transactions have cross-border angle and since the reserve Bank does not have the privileges of investigation, the issue has been referred to the DoE for undertaking investigation in the matter.

(3) ***Reliance Communications Ltd. (R Com)***

A study of the audited report for the year March 2007 revealed that the unutilized money of Rs.5,142 crore raised through issue of various FCCBs by the company has been deposited interest free with a wholly owned subsidiary which in turn held the same in bank deposits. After ascertaining the facts, R Com was advised in August 2009 to apply for compounding under FEMA 1999. The company in their response has stated that the proceeds of the FCCBs were utilized for permitted end-use (telecommunication capital expenditure) taking into account the business exigencies and denied any contravention of the Regulation/Direction under FEMA. The reply is being examined for taking further action.

(c) Two companies belonging to the Anil Dhirubhai Ambani Group (ADAG) namely Rose Power Supply Company Ltd. (RPSCL) and Vidarbha Industries Power Ltd. (VIPL) have approached the Reserve Bank of India under the approval route for raising ECB of USD 550 million each towards Import and local sourcing of capital goods for implementing power projects.

(d) The regulatory framework for ECB is applicable for corporate registered under the Companies Act, 1956. As per RBI master circular No. **07/2009-10 dated July 1, 2009** "corporate which have violated the extant ECB policy and are under investigation by Reserve Bank and/or Directorate of Enforcement, are allowed to avail ECB only under the Approval route".

Reserve Bank has constituted an Empowered Committee, consisting of members from the Reserve Bank as well as from outside for considering applications for ECBs from borrowers under the approval route.